

Message Text

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ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 SSO-00 EB-04 L-01 INR-05

CIAE-00 NSC-05 NSCE-00 SP-02 EURE-00 TRSE-00 IO-06

INRE-00 DODE-00 /046 W

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FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC IMMEDIATE 8217

USMISSION NATO

USDEL MTN GENEVA

AMEMBASSY PARIS

C O N F I D E N T I A L BUDAPEST 1069

LIMDIS

USMISSION NATO FOR ASSISTANT SECRETARY HARTMAN ONLY;

USDEL MTN GENEVA FOR CULBERT AND AMBASSADOR ONLY

PARIS FOR ASSISTANT SECRETARY HARTMAN ONLY

E.O. 11652: GDS

TAGS: EEWT, ETRD, GATT, HU

SUBJECT: POSSIBLE HUNGARIAN MFN INITIATIVE

REF: (A) STATE 069580, (B) GENEVA 2280

1. SUMMARY: AT MARCH 31 BILATERAL CSCE MEETING AT MFA, JANOS NYERGES, HUNGARIAN GATT NEGOTIATOR AND SENIOR OFFICIAL RESPONSIBLE FOR MULTILATERAL TRADE MATTERS, SAVED MFN FOR LAST. HE RECITED FAMILIAR POSITION THAT USG MUST DISINVOKE GATT ARTICLE 35, AND THAT HUNGARY COULD NOT ACCEPT MFN FOR LIMITED TIME (AS WOULD BE REQUIRED UNDER THE TRADE ACT). HE DID PERHAPS LEAVE ONE SMALL OPENING FOR FUTURE BILATERAL DISCUSSIONS; IF SO, CONFIDENTIAL

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THE HOLE WAS SO SMALL THAT IT WOULD HAVE BEEN MISSED ENTIRELY HAD IT NOT BEEN FOR NYERGES' EARLIER APPROACH TO CULBERT AT MTN. END SUMMARY

2. IF NYERGES DID PROPOSE BILATERAL DISCUSSIONS AIMED AT ESTABLISHING MFN RELATIONS WITH U.S. HIS WORDING WAS SO SUBTLE THAT EMBASSY IS STILL NOT CERTAIN OF HIS INTENT.

3. NYERGES CATALOGED FAMILIAR COMPLAINTS ABOUT 1974 TRADE ACT AND CALLED FOR DISINVOCATION BY U.S. OF GATT ARTICLE 35, SAVING MFN FOR LAST. DURING ENTIRE DISCUSSION OF OTHER TRADE MATTERS NYERGES REPEATEDLY STATED THAT HUNGARY IS READY TO COME TO TERMS WITH LEGITIMATE U.S. REQUIREMENTS, BUT THAT GATT MECHANISM PROVIDED AMPLE FRAMEWORK TO DO THIS. NOTING THAT HUNGARY'S TERMS OF ACQUISITION TO GATT PROVIDE FOR SUFFICIENT REMEDIES TO PROTECT GENUINE U.S. INTERESTS, AND THAT THESE TERMS TAKE ACCOUNT OF HUNGARY'S DIFFERENT SOCIAL SYSTEM, NYERGES EMPHASIZED THAT THE INTENT OF THE 1974 TRADE ACT COULD BE MET FULLY THROUGH GATT-APPROVED MECHANISMS. THERE IS NO OTHER WAY, HE SAID, BUT FOR THE U.S. TO DISINVOKE ARTICLE 35 AND TO PROVIDE MFN TO HUNGARY ON GATT TERMS. HUNGARY CANNOT ACCEPT A SOLUTION THAT WOULD RESULT IN THE GRANTING OF MFN FOR A LIMITED PERIOD OF TIME.

4. ONLY CLOSING PORTION OF NYERGES STATEMENT, WHICH HE REPEATED TWICE AND ASKED U.S. SIDE TO NOTE CAREFULLY, COULD BE SEEN AS POSSIBLE OPENING FOR BILATERAL DISCUSSIONS CONCERNING MFN. HIS OPENING, IF IT IS THAT, WAS PHRASED AS FOLLOWS: THERE IS NOTHING FOR HUNGARY THAT CANNOT BE OBTAINED BY AND THROUGH GATT. ARE U.S. INTERESTS BETTER SERVED BY A ROMANIAN-TYPE AGREEMENT THAN BY ADHERENCE TO GATT PRINCIPLES? HUNGARY DOES NOT REPEAT NOT THINK SO, BUT IT IS OPEN TO USG ARGUMENTS.

5. USG SIDE REPLIED THAT IT HAD CAREFULLY NOTED NYERGES' CONFIDENTIAL

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COMMENTS AND WOULD REPORT THEM TO WASHINGTON. TO INDICATE THAT EMBASSY WAS AWARE OF NYERGES' APPROACH TO CULBERT IN GENEVA (REF B), U.S. SIDE ASKED IN WHAT MANNER AND WHERE USG "ARGUMENTS" (PRECEEDING PARA) SHOULD BE MADE. NYERGES WAS FLEXIBLE BUT SUGGESTED THAT DIRECT APPROACH TO HIM IN BUDAPEST WOULD BE ONE METHOD.

6. COMMENT: NYERGES IS UNDOUBTEDLY FAMILAR WITH REQUIREMENTS OF TITLE 4; HE WAVED COPY OF TRADE ACT, OPENED TO TITLE 4, DURING HIS PRESENTATION. IF HIS CLOSING STATEMENT IS AN "OPENING", EMBASSY FEELS THAT WE MUST OBTAIN MORE SPECIFIC INDICATIONS FROM GOH THAT IT IS INTERESTED IN PURSUING BILATERAL DISCUSSIONS BEFORE WE GEAR UP WITH ELABORATE SET OF PROPOSALS CONCERNING POSSIBLE LANGUAGE REGARDING EMIGRATION ASSURANCES. OUR SIGNALS ON THIS SUBJECT SO FAR HAVE BEEN MIXED.

7. RECOMMENDATION: THE EMBASSY RECOMMENDS THAT ASSISTANT SECRETARY HARTMAN, WITHOUT PUTTING UNDUE EMPHASIS ON

THE SUBJECT, RAISE MATTER WITH DEPUTY FOREIGN MINISTER NAGY. WE NOW FEEL THAT USG MUST ACKNOWLEDGE IN SOME MANNER NYERGES' APPROACH TO CULBERT IN GENEVA. IN ADDITION TO TALKING POINTS PROVIDED IN ASSISTANT SECRETARY HARTMAN'S BRIEFING PAPERS PREPARED IN WASHINGTON, EMBASSY RECOMMENDS THAT HE POINT OUT LIMITED DURATION OF ANY COMMERCIAL AGREEMENT WITH HUNGARY, AND THUS LIMITATION ON TIME FOR WHICH MFN COULD BE EXTENDED. HARTMAN CAN COVER SAME GROUND WITH NYERGES (WHOM HE WILL MOST LIKELY SEE AT SMALL DINNER PLANNED BY CHARGE). GOH MUST BE ASKED WHETHER IT BELIEVES THESE OBSTACLES CAN BE SURMOUNTED. IF REPLY IS POSITIVE, USG CAN PROCEED. VEILED HINTS TO DATE DO NOT BEAR OUT INFORMAL INDICATIONS USG HAS HAD IN BUDAPEST, GENEVA AND WASHINGTON THAT HUNGARIANS ARE SERIOUS ABOUT ENTERING INTO COMMERCIAL AGREEMENT UNDER TERMS OF 1974 TRADE ACT.

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8. ACTION REQUESTED: DEPARTMENT COMMENTS BY OPENING OF BUSINESS APRIL 5.

MUDD

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NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Sent Date: 01-Mar-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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TAGS: EEW, ETRD, HU, US, GATT
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